

Message Text

CONFIDENTIAL

PAGE 01 STATE 100998

10

ORIGIN EA-09

INFO OCT-01 ISO-00 L-03 EB-07 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01

OES-06 SP-02 SS-15 STR-04 TRSE-00 /092 R

DRAFTED BY EA/IMS:ECINGRAHAM:LGR

APPROVED BY EA - PHILIP C. HABIB

----- 004474

R 262337Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 100998

E.O. 11652:GDS

TAGS: ENRG, EINV, ID

SUBJECT: IRS RULING ON TAX LIABILITY ON PRODUCTION
SHARING CONTRACTORS

REF: STATE 100074; JAKARTA 5389.

1. INDONESIAN AMBASSADOR RUSMIN NURYADIN, IN APRIL 23
MEETING WITH ASSISTANT SECRETARY HABIB, EXPRESSED GOI
CONCERN OVER IMPENDING IRS RULING ON TAX STATUS OF PAYMENTS
TO PERTAMINA UNDER PRODUCTION SHARING CONTRACTS. HE
WONDERED IN PARTICULAR WHETHER DEPARTMENT HAD BEEN
CONSULTED BY IRS ON RULING.

2. HABIB SAID THAT THE DEPARTMENT HAD NOT BEEN CONSULTED
NOR INFORMED IN ADVANCE OF ANNOUNCEMENT OF RULING. THIS
WAS NORMAL, SINCE IRS TAX RULINGS CUSTOMARILY RELATE TO
DOMESTIC AFFAIRS. IN THIS CASE, HOWEVER, AS SOON AS WE
LEARNED OF THE ANNOUNCEMENT, WE TOOK STEPS TO DRAW TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 100998

ATTENTION OF TREASURY DEPARTMENT ITS FOREIGN POLICY IMPLI-

CATIONS. WE ARE NOW DISCUSSING MATTER WITH TREASURY, AND MAKING OUR VIEWS KNOWN, ALTHOUGH AT THIS STAGE WE COULD NOT PREDICT OUTCOME.

3. CONCLUDING, HABIB TOLD THE AMBASSADOR HE COULD ASSURE JAKARTA THAT WE WERE FULLY AWARE OF CONSEQUENCES OF THE RULING, WERE EXAMINING MATTER ACTIVELY, AND WOULD KEEP EMBASSY INFORMED. HE ADDED THAT PROBLEM INVOLVED NOT ONLY INDONESIA BUT A NUMBER OF COUNTRIES, SINCE PRODUCTION SHARING CONCEPT HAD BEEN ADOPTED BY MANY GOVERNMENTS.

4. OUR COMMENTS ON JAKARTA REFTEL BEING SENT SEPTTEL. SISCO

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, CONTRACTS, TAX RELIEF, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE100998
Document Source: CORE
Document Unique ID: 00
Drafter: ECINGRAHAM:LGR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760159-0298
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760421/aaaaarqp.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 100074, 76 JAKARTA 5389
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by greeneet>; APPROVED <20 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRS RULING ON TAX LIABILITY ON PRODUCTION SHARING CONTRACTORS
TAGS: ENRG, EINV, ID, IRS-2, (NURYADIN, RUSMIN)
To: JAKARTA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006